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CIA denies CBS report, accuses network of 'garbage journalism')

WASHINGTON

The CIA denounced as 'totally untrue' and 'garbage journalism' today a CBS News report that spy chief William Casey played a central role in the diversion of Iran arms sale profits to the Contra rebels of Nicaragua.

CBS had said Thursday that White House documents and computer tapes showed Casey, the CIA director, 'had to know' about the diversion of Iran arms sale profits to the Contra rebels and played a 'central role' in the affair.

CIA spokesman George Lauder, asked to comment, said the CBS report 'is totally untrue.'

'The CBS report is a disgrace to journalism,' Lauder said. '(CBS anchor) Dan Rather should be ashamed to report slanderous conclusions from information from an anonymous source and admit he has no proof to support what he says. It is garbage journalism.'

Lauder said a Jan. 9 statement issued by the CIA on the diversion of arms funds to the Contras 'remains the agency's position.'

That statement said Casey testified under oath before four congressional committees that he did not learn that money had been diverted to the Contras until the White House informed him just before Attorney General Edwin Meese publically revealed evidence of the diversion at a news conference November 25.

The statement said that Casey and Deputy Director Robert Gates were informed in the fall of 1986 of 'tenuous speculation that some Iranian money may have been diverted to the Contras' and notified the National Security Council. But, the Jan. 9 statement said, 'no credible evidence of a diversion of money ever came to the attention of the agency.'

CBS spokeswoman Ramona Dunn, informed of Lauder's denial, said, 'We stand by our report.'

The network, citing unidentified congressional sources, said that computer tapes once belonging to former National Security Council aide Lt. Col. Oliver North contain numerous references to Casey.

The tapes, it said, show North and Casey met many times and frequently phoned one another during the time period under investigation by two congressional committees and a special prosecutor probing the clandestine operations.

The first arms deliveries to Iran began in September 1985, with Israel as the intermediary, and continued sporadically through October 1986.

One member of Congress said, 'In a way, North was more involved with Casey than with (Vice Adm. John) Poindexter,' former national security adviser and North's boss.

In testimony before congressional committees investigating the scandal, Casey denied having any knowledge of the diversion of Iran arms sale profits to the Contras before being tipped by a New York businessman in early October 1986, and the White House has denied President Reagan was aware of the diversion before he was informed in late November by Meese.

But while no single document conclusively proves Casey had prior knowledge of the funds-diversion scheme, all the evidence so far shows, 'Casey had to know,' was 'operationally involved' and had a 'central role,' CBS quoted the member of Congress as saying.

North was fired Nov. 25 when Attorney General Edwin Meese fingered him as the chief architect of the diversion scheme. Poindexter, who knew about the scheme but did not stop it, was allowed to resign his post the same day. Both men have refused to testify before Congress, citing their Fifth Amendment protection against self-incrimination.

Casey is currently recovering from brain cancer surgery, and there is speculation he may not be able to resume his duties as the nation's chief spy. His surgery forced cancelation of his appearance before a congressional committee investigating the Iran arms-Contra aid scandal that has rocked the Reagan administration.